

COUNTRYSIDE ACADEMY

FINANCIAL REPORT

June 30, 2008

**COUNTRYSIDE ACADEMY**  
**June 30, 2008**

BOARD OF DIRECTORS

		<u>Term Expires</u>
George McManus III	President	November 7, 2008
Chuck Cayo	Vice President	November 7, 2010
John Harris	Secretary	November 7, 2009
Ross Skibbe	Treasurer	November 7, 2010
Peter Yancich	Director	November 7, 2010
Jon Hinkelman	Director	November 7, 2008
Diana Young	Director	November 7, 2010

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
of Countryside Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Countryside Academy, as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Countryside Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Countryside Academy as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 7, 2008, on our consideration of the Countryside Academy's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 11 and page 31 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Countryside Academy's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads 'Schaffer &amp; Layher'.

Schaffer & Layher  
October 7, 2008

David Schaffer, CPA  
Michael Layher, CPA  
*Founding Partners:*  
Morris McMurray, CPA  
Raymond Marks, CPA  
Jeff Edmunds, CPA



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
of Countryside Academy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Countryside Academy as of and for the year ended June 30, 2008, which collectively comprise Countryside Academy's basic financial statements and have issued our report thereon dated October 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Countryside Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Countryside Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Countryside Academy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as 2008-1 and 2008-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described as 2008-1 and 2008-2 in the accompanying schedule of findings and responses is a material weakness.

David Schaffer, CPA  
Michael Layher, CPA  
*Founding Partners:*  
Morris McMurray, CPA  
Raymond Marks, CPA  
Jeff Edmunds, CPA



To the Board of Education  
of Countryside Academy

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Countryside Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Countryside Academy's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Countryside Academy's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Schaffer &amp; Layher".

Schaffer & Layher  
October 7, 2008

David Schaffer, CPA  
Michael Layher, CPA  
*Founding Partners:*  
Morris McMurray, CPA  
Raymond Marks, CPA  
Jeff Edmunds, CPA

## **Schedule of Findings and Responses**

The following findings have been identified as significant deficiencies:

### **Finding 2008-1**

#### Financial Reporting Process

Personnel responsible for financial reporting have time and monetary constraints that require assistance in preparing the financial statements and related footnotes. The staff of the School does understand all information included in the annual financial statements, but obtains assistance in the preparation. Internal controls should be in place to provide reasonable assurance to the School that management prepare, monitor, and report annual financial activity without auditor intervention. The effect of this condition places a reliance on the independent auditor to be part of the School's internal controls over financial reporting. The School should review and implement the necessary educational and procedural activities to monitor and report annual financial activity.

#### Management Response

We are aware of this deficiency, however, given the state of educational funding, it is not cost beneficial for us to develop these processes. We will re-evaluate if additional funding becomes available. We will continue to rely on our independent auditors for such technical assistance.

### **Finding 2008-2**

#### Segregation of Duties

The School lacks an appropriate segregation of incompatible duties with appropriate control objectives. We understand this is primarily due to financial constraints.

#### Management Response

We are aware of this deficiency; however, given the size of our entity and our available resources, it is difficult to provide for appropriate segregation of incompatible duties for all accounting functions. However, we will evaluate available options to administer limited segregation of duties for key accounting functions given our current resources.



Countryside Academy, a K-12 Public Schools Academy located in Berrien County, Michigan, has adopted the provisions of Governmental Accounting Standards Board Statement 34 ("GASB 34"). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be discussion and analysis of the financial results for the fiscal year ended June 30, 2008 of the management of Countryside Academy ("the School").

Generally accepted accounting principles in the United States of America ("GAAP") and GASB 34 requires the reporting of two types of financial statements: School Wide Financial Statements and Fund Financial Statements.

### **Fund Financial Statements**

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the School's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Retirement Fund, Capital Projects Fund, and the School Service Fund which is comprised of Food Service.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

### **School Wide Financial Statements**

The School wide financial statements are full accrual basis statements. They report all of the School's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the School are reported in the Statement of Net Assets of the School wide financial statements.

### **The School as Trustee — Reporting the School's Fiduciary Responsibilities**

The School is the trustee, or fiduciary, for its student activity funds. All of the School's fiduciary activities are reported in separate statements of fiduciary net assets. These are excluded activities from the School's other financial statements because the School cannot use these assets to finance its operations. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Summary of Net Assets**

The School had \$1,785,079 in net assets as of June 30, 2008, and is summarized in the table below:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<b>Assets:</b>		
Cash and cash investments	\$ 1,781,881	\$ 1,328,880
Due from other governmental units	717,192	660,883
Net capital assets	4,493,371	4,658,650
Other assets	11,535	24,526
<b>Total Assets</b>	<u>\$ 7,003,979</u>	<u>\$ 6,672,939</u>
<b>Liabilities:</b>		
Accounts payable and other accrued liabilities	\$ 284,378	\$ 274,253
Notes and bonds payable	4,934,469	5,024,527
Other liabilities	53	70,562
<b>Total Liabilities</b>	<u>\$ 5,218,900</u>	<u>\$ 5,369,342</u>
<b>Net Assets</b>		
Investment in capital assets - net of related debt	\$ (441,098)	\$ (365,877)
Restricted for debt service	519,303	503,591
Unrestricted	1,706,874	1,165,883
<b>Total Net Assets</b>	<u>\$ 1,785,079</u>	<u>\$ 1,303,597</u>

**Analysis of Financial Position**

During fiscal year ended June 30, 2008, the School's net assets increased by \$481,482. A few of the significant factors affecting net assets during the year are discussed below:

A. General Fund Operations

The School's revenues from General Fund operations exceeded expenditures by \$512,558 for the fiscal year ended June 30, 2008. See the section entitled Results of Operations, below, for further discussion of General Fund operations.

B. Debt Activity

In July 2008, the School refinanced its three existing notes with Comerica Bank into a single note payable through Greenstone Farm Credit Services. The transaction resulted in long-term debt payments being made to Comerica Bank totaling \$742,215 and the receipt of long-term debt proceeds from Greenstone Farm Credit Services totaling \$770,000. The new note bears a fixed interest rate of 7.10% payable over 15 years.

**Analysis of Financial Position, Concluded****B. Debt Activity, Concluded**

In addition, as of June 30, 2008, the School has two separate issues outstanding from MJK Capital Corporation totaling \$4,195,000, for which the proceeds were used for construction and equipping the school facilities. Payments on these obligations totaled \$80,000 during fiscal 2008.

**C. Net Investment in Capital Assets**

The School's net investment in capital assets decreased by \$165,279, during the fiscal year ended June 30, 2008. The net activity for the fiscal year is summarized in the following table:

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Capital Assets	\$ 5,854,508	\$ 11,017	\$ -	\$ 5,865,525
Less: accumulated depreciation	(1,195,858)	(176,296)	-	(1,372,154)
Net Capital Assets	<u>\$ 4,658,650</u>	<u>\$ (165,279)</u>	<u>\$ -</u>	<u>\$ 4,493,371</u>

This year, the School's additions consisted of \$11,017 in capital assets related to the addition of a new air conditioning unit installed at the School's Meadowbrook campus.

**Results of Operations**

The School-wide results of operations for the fiscal years ended June 30 are summarized in the table below:

	June 30, 2008	June 30, 2007
<b>Revenues:</b>		
General Revenues:		
State of Michigan unrestricted foundation aid	\$ 3,674,189	\$ 3,535,151
Other general revenues	88,813	76,458
Total general revenues	<u>\$ 3,763,002</u>	<u>\$ 3,611,609</u>
Operating Grants:		
Federal	\$ 407,687	\$ 394,157
State of Michigan	278,464	293,177
Other operating grants	41,725	45,800
Total operating grants	<u>\$ 727,876</u>	<u>\$ 733,134</u>
Charges for Services:		
Food service	\$ 20,768	\$ 20,690
Total revenues	<u>\$ 4,511,646</u>	<u>\$ 4,365,433</u>
<b>Expenses:</b>		
Instruction	\$ 2,158,260	\$ 2,239,443
Pupil services	154,531	153,596
Support services	1,001,493	941,693
Food service	167,341	161,655
Interest on long-term debt	372,243	394,259
Depreciation (unallocated)	176,296	187,434
Total expenses	<u>\$ 4,030,164</u>	<u>\$ 4,078,080</u>
<b>Change in Net Assets</b>	<u>\$ 481,482</u>	<u>\$ 287,353</u>
<b>Beginning Net Assets</b>	<u>1,303,597</u>	<u>1,016,244</u>
<b>Ending Net Assets</b>	<u><u>\$ 1,785,079</u></u>	<u><u>\$ 1,303,597</u></u>

**A. State of Michigan Unrestricted Aid (Net State Foundation Grant)**

The State of Michigan unrestricted aid is determined by the following variables:

- a. State of Michigan State Aid Act per student foundation allowance,
- b. Student Enrollment - Blended at 80 percent of current year fall count and 20 percent of prior year winter count, and
- c. The School's non-homestead levy.

**Per Student Foundation Allowance**

Annually, the State of Michigan sets the per student foundation allowance. The Countryside Academy's net foundation allowance for the fiscal year 2008 was \$7,204 per student. This amount increased over the School's fiscal year 2007 net foundation allowance of \$7,085 per student.

**Student Enrollment**

The School's student enrollment for the fall count of 2007-2008 was 529 students. The School's enrollment increased from the prior year count by 27 students. The following summarizes fall student enrollments in the past five years:

<u>Fiscal Year</u>	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2007 - 2008	529.0	27.00
2006 - 2007	502.0	(50.00)
2005 - 2006	552.0	(34.00)
2004 - 2005	586.0	51.00
2003 - 2004	535.0	45.00

Subsequent to year-end June 30, 2008, preliminary student enrollments for 2008-2009 indicate that enrollments may decrease by 53 students from 2007-2008.

**B. Food Sales to Students & Adults (School Lunch Program)**

Compared to the prior school year, the School's food and milk sales to students and adults increased slightly. Neither school lunch nor milk prices were increased during the fiscal year.

The total expenditures for Food Service operations exceeded total revenues for the year by \$7,068.

**C. General Fund Expenditures Budget Vs. Actual Five Year History**

	Expenditures Preliminary Budget	Expenditures Final Budget	Expenditures Final Audit	Variance Audit vs. Prelim Budget	Variance Audit vs. Final Budget
2007 - 2008	3,782,780	4,002,925	3,840,415	1.52%	-4.06%
2006 - 2007	4,124,385	4,197,743	3,964,632	-3.87%	-5.55%
2005 - 2006	4,144,505	4,155,436	4,033,117	-2.69%	-2.94%
2004 - 2005	3,794,046	4,118,452	4,339,871	14.39%	5.38%
2003 - 2004	3,642,102	3,812,826	4,093,892	12.40%	7.37%
Five Year Average: Over Budget				4.35%	0.04%

**D. General Fund Revenues Budget Vs. Actual Five Year History**

	Revenues Preliminary Budget	Revenues Final Budget	Revenues Final Audit	Variance: Audit vs. Prelim. Budget	Variance: Audit vs. Final Budget
2007 - 2008	3,802,150	4,261,269	4,352,973	14.49%	2.15%
2006 - 2007	4,145,925	4,128,298	4,189,821	1.06%	1.49%
2005 - 2006	4,157,575	4,184,537	4,481,378	7.79%	7.09%
2004 - 2005	3,795,640	4,206,874	4,190,126	10.39%	-0.40%
2003 - 2004	3,642,974	3,900,005	4,154,056	14.03%	6.51%
Five Year Average: Over Budget				9.55%	3.37%

**E. Original vs. Final Budget**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, Countryside Academy amends its budget during the school year. For the fiscal year ended June 30, 2008, the budget was amended in March, May and June 2008. The June 2008 budget amendment was the final budget for the fiscal year.

Change from Original Budget:

General Fund Revenues:

Total Revenues Original Budget	\$ 3,802,150	100.00%
Total Revenues Final Amended Budget	4,261,269	112.08%
	<u>\$ 459,119</u>	<u>12.08%</u>

The School's actual general fund revenues differed from the final budget by \$91,704, a variance of 2.15% from final budget.

The final revenue budget reflects the following changes from the original budget:

- The School received more State Aid Foundation monies than originally budgeted, due to a higher per student foundation allowance than projected and a larger student count than projected.

**E. Original vs. Final Budget, Concluded**

Change from Original Budget:

General Fund Expenditures:

Total Expenditures Original Budget	\$ 3,782,780	100%
Total Expenditures Final Amended Budget	4,002,925	105.82%
	<u>\$ 220,145</u>	<u>5.82%</u>

The final expenditures budget reflects the following changes from the original budget:

- Primary change was due wage rate increases that were not contemplated at the time of the original budget, and the corresponding increases to payroll taxes and retirement benefits.

**Contacting the School's Financial Management**

The financial report is designed to provide users of the report with a general overview of the School's finances. If you have questions about this report or need additional information, please contact the Business Office at Countryside Academy.

**COUNTRYSIDE ACADEMY**STATEMENT OF NET ASSETS  
JUNE 30, 2008

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current assets:</b>	
Cash and investments	\$ 1,781,881
Receivables	664
Prepaid expenses	1,556
Due from other governmental units	717,192
Total current assets	<u>\$ 2,501,293</u>
<b>Noncurrent assets:</b>	
Deferred charges	\$ 9,315
Capital assets	5,865,525
Less: accumulated depreciation	(1,372,154)
Total noncurrent assets	<u>\$ 4,502,686</u>
<b>Total Assets</b>	<u><u>\$ 7,003,979</u></u>
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 21,903
Accrued payroll and other liabilities	262,475
Due to Agency Fund	53
Notes and bonds payable, due within one year	125,620
Total current liabilities	<u>\$ 410,051</u>
<b>Noncurrent liabilities:</b>	
Notes and bonds payable, due in more than one year	4,808,849
<b>Total Liabilities</b>	<u>\$ 5,218,900</u>
<b>Net Assets</b>	
Invested in capital assets - net of related debt	\$ (441,098)
Restricted for debt service	519,303
Unrestricted	1,706,874
<b>Total Net Assets</b>	<u>\$ 1,785,079</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 7,003,979</u></u>

*See accompanying notes to the financial statements.*



**COUNTRYSIDE ACADEMY**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants/ Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>
Primary government -				
Governmental activities:				
Instruction	\$ 2,158,260	\$ -	\$ 589,117	\$ (1,569,143)
Pupil services	154,531	-	-	(154,531)
Support services	1,001,493	-	-	(1,001,493)
Food services	167,341	20,768	138,759	(7,814)
Interest on long-term debt	372,243	-	-	(372,243)
Depreciation (unallocated)	176,296	-	-	(176,296)
	<u>\$ 4,030,164</u>	<u>\$ 20,768</u>	<u>\$ 727,876</u>	<u>\$ (3,281,520)</u>
General revenues:				
State aid not restricted to specific purposes				\$ 3,674,189
Interest and investment earnings				43,599
Other				<u>45,214</u>
Total general revenues				<u>\$ 3,763,002</u>
<b>Change in Net Assets</b>				\$ 481,482
<b>Net Assets - beginning of year</b>				<u>1,303,597</u>
<b>Net Assets - end of year</b>				<u>\$ 1,785,079</u>

*See accompanying notes to the financial statements.*

**COUNTRYSIDE ACADEMY****BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<b>General Fund</b>	<b>Debt Retirement Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total</b>
<b>Assets</b>				
Cash and investments	\$ 1,165,696	\$ 559,433	\$ 56,752	\$ 1,781,881
Receivables	-	664	-	664
Prepaid expenses	1,556	-	-	1,556
Due from other governmental units	717,192	-	-	717,192
Due from other governmental funds	120,000	79,206	-	199,206
<b>Total Assets</b>	<b>\$ 2,004,444</b>	<b>\$ 639,303</b>	<b>\$ 56,752</b>	<b>\$ 2,700,499</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 21,903	\$ -	\$ -	\$ 21,903
Accrued payroll and other liabilities	262,475	-	-	262,475
Due to other governmental funds	79,206	120,000	-	199,206
Due to Agency Fund	53	-	-	53
<b>Total Liabilities</b>	<b>\$ 363,637</b>	<b>\$ 120,000</b>	<b>\$ -</b>	<b>\$ 483,637</b>
<b>Fund Balance</b>				
Reserved for prepaid expenses	\$ 1,556	\$ -	\$ -	1,556
Reserved for debt retirement	-	519,303	-	519,303
Reserved for capital projects	-	-	28,646	28,646
Designated - wage contingency	40,611	-	-	40,611
Unreserved and undesignated	1,598,640	-	-	1,598,640
Unreserved and undesignated - food service	-	-	28,106	28,106
<b>Total Fund Balance</b>	<b>\$ 1,640,807</b>	<b>\$ 519,303</b>	<b>\$ 56,752</b>	<b>\$ 2,216,862</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,004,444</b>	<b>\$ 639,303</b>	<b>\$ 56,752</b>	<b>\$ 2,700,499</b>

*See accompanying notes to the financial statements.*

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RECONCILIATION OF BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO NET ASSETS  
JUNE 30, 2008

**Total Fund Balances - Governmental Funds** **\$ 2,216,862**

Amounts reported for governmental activities in the statement  
of net assets are different because:

Governmental funds reports debt issuance costs as  
expenditures; in the statement of net assets, these costs are  
amortized over the term of the related debt 9,315

Capital assets used in governmental activities are not  
financial resources and are not reported in the funds.

Cost of the capital assets 5,865,525  
Accumulated depreciation (1,372,154)

Long-term liabilities are not due and payable in the current period  
and are not reported in the funds:

Bonds and notes payable (4,934,469)

**Total net assets - Governmental activities** **\$ 1,785,079**

*See accompanying notes to the financial statements.*

**COUNTRYSIDE ACADEMY**

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Debt Retirement Fund	Non-Major Governmental Funds	Total
<b>Revenues</b>				
Local sources	\$ 37,111	\$ -	\$ 20,768	\$ 57,879
State sources	3,947,694	-	4,959	3,952,653
Federal sources	273,887	-	133,800	407,687
Interdistrict sources	41,725	-	-	41,725
Earnings on investments	26,592	16,097	910	43,599
Miscellaneous	-	-	8,103	8,103
<b>Total Revenues</b>	<u>\$ 4,327,009</u>	<u>\$ 16,097</u>	<u>\$ 168,540</u>	<u>\$ 4,511,646</u>
<b>Expenditures</b>				
Current:				
Instruction	\$ 2,158,260	\$ -	\$ -	\$ 2,158,260
Pupil services	154,531	-	-	154,531
Supporting services	1,001,493	-	167,341	1,168,834
Debt service	3,947	1,237,669	-	1,241,616
Capital outlay	-	-	11,017	11,017
<b>Total Expenditures</b>	<u>\$ 3,318,231</u>	<u>\$ 1,237,669</u>	<u>\$ 178,358</u>	<u>\$ 4,734,258</u>
<b>Excess (Deficiency ) of Revenues over (under) Expenses</b>	<u>\$ 1,008,778</u>	<u>\$ (1,221,572)</u>	<u>\$ (9,818)</u>	<u>\$ (222,612)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from note payable	\$ -	\$ 770,000	\$ -	\$ 770,000
Operating transfers in	25,964	493,248	28,936	548,148
Operating transfers out	(522,184)	(25,964)	-	(548,148)
<b>Total Other Financing Sources(Uses)</b>	<u>\$ (496,220)</u>	<u>\$ 1,237,284</u>	<u>\$ 28,936</u>	<u>\$ 770,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ 512,558</u>	<u>\$ 15,712</u>	<u>\$ 19,118</u>	<u>\$ 547,388</u>
<b>Fund Balances - Beginning of year</b>	1,128,249	503,591	37,634	1,669,474
<b>Fund Balances - End of year</b>	<u><u>\$ 1,640,807</u></u>	<u><u>\$ 519,303</u></u>	<u><u>\$ 56,752</u></u>	<u><u>\$ 2,216,862</u></u>

*See accompanying notes to the financial statements.*

**COUNTRYSIDE ACADEMY**

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RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

**Net Change in Fund Balances - Total Governmental Funds** **\$ 547,388**

Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures;  
in the statement of activities, these costs are allocated  
over their estimated useful lives as depreciation.

Depreciation expense	(176,296)
Capital outlay	11,017

Governmental funds report debt issuance costs as expenditures; in  
the statement of activities, these costs are amortized over the term  
of the related debt

Amortization expense	(717)
Debt issuance costs	10,032

Bond or note proceeds provide current financial resources to  
governmental funds in the period issued, but issuing debt increases  
long-term liabilities in the statement of net assets. Repayment of  
bond and notes payable principal is an expenditure in the  
governmental funds, but the repayment reduces long-term liabilities  
in the statement of net assets.

Proceeds from long-term note	(770,000)
Principal payments on long-term debt	860,058

**Change in Net Assets of Governmental Activities** **\$ 481,482**

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*See accompanying notes to the financial statements.*

**COUNTRYSIDE ACADEMY**

FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2008

	Private Purpose Trust Fund-Scholarship Fund	Agency Fund- Student Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 8,178	\$ 34,637	\$ 42,815
Due from General Fund	-	53	53
	<u>8,178</u>	<u>34,690</u>	<u>42,868</u>
Total assets	<u>\$ 8,178</u>	<u>\$ 34,690</u>	<u>\$ 42,868</u>

**Liabilities and Fund Balance**

<b>Liabilities:</b>			
Due to student groups	\$ -	\$ 34,690	\$ 34,690
<b>Fund balances:</b>			
Reserved for scholarship	<u>8,178</u>	<u>-</u>	<u>8,178</u>
Total liabilities and fund balance	<u>\$ 8,178</u>	<u>\$ 34,690</u>	<u>\$ 42,868</u>

**Statement of Changes in Fiduciary Net Assets  
For the year ended June 30, 2008**

	Private Purpose Trust Fund-Scholarship Fund
<b>Additions:</b>	
Interest	\$ 414
<b>Deductions:</b>	
Scholarships awarded	<u>(5,418)</u>
<b>Change in net assets</b>	<u>\$ (5,004)</u>
Net Assets-Beginning	<u>13,182</u>
<b>Net Assets-Ending</b>	<u>\$ 8,178</u>

*See accompanying notes to the financial statements.*

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Countryside Academy (the “School”) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units and with the rules prescribed in the accounting manual by the Michigan Department of Education. The following is a summary of the significant accounting policies used by the School:

**Reporting Entity**

The School is governed by an appointed seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (“GASB”) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Schools’ reporting entity, and which organizations are legally separate, component units of the School. Based on the application of the criteria, the School does not contain any component units.

**School -Wide and Fund Financial Statements**

The School-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the School’s school-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**School-Wide Statements** — The School-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**School-Wide Statements (concluded)** — Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Fund Based Statements** — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government. The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The School reports the following major governmental funds:

**The General Fund** is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

**The Debt Retirement Fund** is the fund used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Additionally, the government reports the following fund types:

**The School Service Funds** are Special Revenue Funds that segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. The School maintains full control of these funds. The School Service Fund maintained by the School is Food Services Fund.

**Capital Project Funds** are used by the School to fund and utilize for future capital projects.

**Fiduciary Funds** are used to account for assets held by the School in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the government-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Based Statements (concluded)** — The School presently maintains a Student Activities Fund to record the transactions of student and parent groups for school and school-related purposes and are segregated and held in trust for the students and parents. The School also maintains a Scholarship Fund used for scholarships for students attending four year colleges.

**Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments** — Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** — In general, outstanding balances between funds are reported as “due to/from other funds.” Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.”

**State Aid** — The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the state’s School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The School also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year is recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**Inventories**— Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as inventory and deferred revenue until used.

**Prepaid Items** — Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**Capital Assets** — Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. The School does not have infrastructure type assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years
Land Improvements	10-20 years

**Compensated Absences** — The liability for compensated absences, if any, reported in the government-wide statements consists of unpaid, accumulated annual and vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Long-Term Obligations** — In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** — In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. As of June 30, 2008, the Board has designated \$40,611 of the General Fund's unreserved fund balance for the purpose of funding subsequent employee wage increases.

**Comparative Data** — Comparative data is not included in the School's financial statements.

**Estimates** — The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits Schools to amend its budgets during the year. There were three amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The School had expenditures that exceeded appropriations in the following major fund budgeted functions:

	<u>Final Budget</u>	<u>Final Actual</u>	<u>Variance</u>
<b><i>General Fund</i></b>			
Compensatory education	10,000	11,669	(1,669)

Funds sufficient to provide for the excess expenditures were made available from other functions within the fund, and the excess had no impact on the financial results of the School

**NOTE 3. DEPOSITS AND INVESTMENTS**

As of June 30, 2008, the School deposits and investments include the following:

	Balance Sheet Classification		
	Cash and Cash		
	Equivalents	Investments	Total
Cash on hand	\$ 150	\$ -	\$ 150
Deposits	464,592	-	464,592
Investments	1,317,139	-	1,317,139
	<u>\$ 1,781,881</u>	<u>\$ -</u>	<u>\$ 1,781,881</u>

**Bank Deposits:**

All cash of the School is on deposit with financial institutions which provide FDIC insurance coverage or in highly liquid money funds.

**Custodial Credit Risk—Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2008, \$307,155 of the School's bank deposit balances of \$507,155 was exposed to custodial credit risk, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School's name.

**Investments:** Michigan law permits investments in: 1) Bonds and other obligations of the United States Governments, 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively, 3) Certain commercial paper, 4) United States Government repurchase agreements, 5) Banker's acceptance of the United States Bank, and 6) Certain mutual funds. The School has put further restrictions on those investments through its current policy. At June 30, 2008, the School held cash investments in money market funds totaling \$1,317,139. These funds invest primarily in government repurchase agreements and have an average maturity of one day.

**Interest Rate Risk:** In accordance with its investment policy, the School will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School's cash requirements.

**NOTE 3. DEPOSITS AND INVESTMENTS (CONCLUDED)**

**Credit Risk:** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by Nationally Recognized Statistical Rating Organizations (“NRSRO’s”). As of June 30, 2008, the School had no investments.

**Concentration of Credit Risk:** The School will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. As of June 30, 2008, the School had no investments.

**Custodial Credit Risk—Investments:** For an Investment, this is the risk that in the event of bank failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2008, the School had no investments.

**NOTE 4. CAPITAL ASSETS**

	Balance July 1, 2007	Additions	Disposals and Adjustments	Balance June 30, 2008
Assets not being depreciated:				
Land	\$ 154,805	\$ -	\$ -	\$ 154,805
Capital assets being depreciated:				
Building and building improvements	\$ 4,815,996	\$ -	\$ -	\$ 4,815,996
Land improvements	9,368	-	-	9,368
Buses and other vehicles	22,500	-	-	22,500
Furniture and equipment	851,839	11,017	-	862,856
Subtotal	\$ 5,699,703	\$ 11,017	\$ -	\$ 5,710,720
Accumulated depreciation:				
Building and building improvements	\$ 548,084	\$ 96,320	\$ -	\$ 644,404
Land improvements	3,159	690	-	3,849
Buses and other vehicles	9,000	4,500	-	13,500
Furniture and equipment	635,615	74,786	-	710,401
Subtotal	\$ 1,195,858	\$ 176,296	\$ -	\$ 1,372,154
Net capital assets being depreciated	\$ 4,503,845			\$ 4,338,566
Net capital assets	\$ 4,658,650			\$ 4,493,371

Depreciation expense of \$176,296 was not charged to activities as the School considers its assets to impact multiple activities and allocation is not practical.

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The general fund collects monies that relate to the capital projects and debt service funds and repays those monies as expenditures are incurred, which could be in excess of one year.

The composition of interfund balances is as follows:

**Due To/From Other Funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Debt Retirement Fund	\$ 120,000
Debt Retirement Fund	General Fund	\$ 79,206
Agency Fund	General Fund	\$ 53

**Interfund Transfers:**

Transfer In:	Transfer Out:	Amount
Debt Retirement Fund	General Fund	\$ 493,248
General Fund	Debt Retirement Fund	\$ 25,964
Capital Projects Fund	General Fund	\$ 28,936

**NOTE 6. LONG-TERM DEBT**

The School issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. Certificates of participation are direct obligations and pledge the full faith and credit of the School.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Certificates of Participation	\$ 4,275,000	\$ -	\$ (80,000)	\$ 4,195,000	\$ 90,000
Notes Payable - Comerica Bank	742,215	-	(742,215)	-	-
Note Payable - Greenstone Farm Credit Services	-	770,000	(34,280)	735,720	31,871
Note Payable - Tractor	7,312	-	(3,563)	3,749	3,749
Total bonds and notes payable	\$ 5,024,527	\$ 770,000	\$ (860,058)	\$ 4,934,469	\$ 125,620

**NOTE 6. LONG-TERM DEBT (CONTINUED)**

Annual debt requirements to maturity for the above certificates of participation and note obligations are as follows:

	<i>Governmental Activities:</i>		
	Principal	Interest	Total
2009	125,620	358,357	483,977
2010	132,983	353,291	486,274
2011	145,765	343,508	489,273
2012	153,753	332,773	486,526
2013	161,963	321,412	483,375
2014-2018	1,031,798	1,406,528	2,438,326
2019-2023	1,297,587	974,280	2,271,867
2024-2028	1,515,000	491,200	2,006,200
2029	370,000	27,500	397,500
	<u>\$ 4,934,469</u>	<u>\$ 4,608,849</u>	<u>\$ 9,543,318</u>

Interest expense of \$372,243 was not charged to activities as the School considers its debt impacts multiple activities and allocation is not practical.

***Governmental Activities:***

Certificates of participation consist of:

\$2,780,000-1999 School Building and Site, Certifications of Participation from MJK Capital Corporation, payable in annual installments of \$35,000 to \$210,000 beginning April 1, 2001 through April 1, 2029; interest at 5.70% to 7.00% \$ 2,450,000

\$1,920,000-2000 School Building and Site, Certifications of Participation from MJK Capital Corporation, payable in annual installments of \$20,000 to \$160,000 beginning April 1, 2002 through April 1, 2029; interest at 8.00% 1,745,000

<b>Total bonds payable</b>	<u><u>\$ 4,195,000</u></u>
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**NOTE 6. LONG-TERM DEBT (CONCLUDED)**

\$17,861-Note payable-Tractor; interest at 6.25% due September 8, 2008.	\$ 3,749
\$770,000-Mortgage note payable with Greenstone Farm Credit Services, payable in monthly installments of \$7,893 beginning October 1, 2007 through August 1, 2021; interest at 7.1%.	735,720
<b>Total notes payable</b>	<u>\$ 739,469</u>
<b>Total long-term debt</b>	<u>\$ 4,934,469</u>

**NOTE 7. RISK MANAGEMENT**

The School is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The School has purchased commercial insurance for health claims and participates in the SET/SEG (risk pool) for claims relating to workers' compensation and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School participates operates as a common risk-sharing management program for Schools in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.



**NOTE 8. DEFINED BENEFIT PENSION PLAN AND POST RETIREMENT BENEFITS**

**Plan Description** - The School participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School. The system provides retirement, survivor and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

**Funding Policy** - Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each School is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals were 17.74 percent for the period July 1, 2007 through September 30, 2007, and 16.72 percent for the period October 1, 2007 through September 30, 2008. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School's contributions to the MPERS plan for the years ended June 30, 2008, 2007 and 2006 were \$317,785, \$310,649, and \$299,547, respectively.

**Post Employment Benefits** - Under the MPERS Act, all retirees participating in the MPERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverage's contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage's. Required contributions for post employment health care benefits are included as part of the School's total contribution to the MPERS plan discussed above.

**NOTE 9. RECEIVABLES AND PAYABLES**

Receivables as of year-end for the School's individual major funds, and the non-major funds and fiduciary funds in the aggregate, including any allowance for uncollectible amounts are as follows:

	General Fund	Debt Retirement Fund	Total
Receivables:			
Intergovernmental	\$ 717,192	\$ -	\$ 717,192
Interest	-	664	664
	<u>\$ 717,192</u>	<u>\$ 664</u>	<u>\$ 717,856</u>

Payables as of year-end for the School District's individual major funds, and the non-major and fiduciary funds in the aggregate, are as follows:

	General Fund	Nonmajor and Other Funds	Total
Payables:			
Trade	\$ 21,903	\$ -	\$ 21,903
	<u>\$ 21,903</u>	<u>\$ -</u>	<u>\$ 21,903</u>

**NOTE 10. RECONCILIATION WITH R7120**

The following reconciles the current year federal revenues reported with the R7120:

Federal Sources per General Fund	\$ 273,887
Federal Sources per School Service Fund	133,800
	<u>407,687</u>

Less: Items passed thru Berrien County Intermediate School District

Rural Achievement	(3,688)
Perkins	(7,452)
Freedom to Learn	(350)
Food Distribution - Commodities	(13,186)
Math & Science	(80)
Federal Transition	(376)
	<u>(25,132)</u>

Current year receipts (cash basis) reported on the R7120	<u>\$ 382,555</u>
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**REQUIRED SUPPLEMENTAL  
INFORMATION**

**COUNTRYSIDE ACADEMY**

REQUIRED SUPPLEMENTARY SCHEDULE  
 BUDGETARY COMPARISON SCHEDULE — GENERAL FUND  
 JUNE 30, 2008

	Original Budget	Final Amended Budget	Actual
<b>Revenues</b>			
Local sources	\$ 20,000	\$ 22,611	\$ 37,111
State sources	3,501,750	3,877,464	3,947,694
Federal sources	249,400	260,744	273,887
Interdistrict sources	15,000	35,950	41,725
Earnings on investments	16,000	26,500	26,592
<b>Total Revenues</b>	<b>\$ 3,802,150</b>	<b>\$ 4,223,269</b>	<b>\$ 4,327,009</b>
<b>Expenditures</b>			
Instruction:			
Elementary	\$ 915,056	\$ 923,315	\$ 891,059
Middle School	196,288	260,146	257,206
High School	723,521	753,575	743,238
Special Education	134,021	147,662	145,229
Technical Education	104,317	105,855	97,363
Career Preparation	18,400	18,400	12,496
Compensatory Education	-	10,000	11,669
Pupil Services	160,829	167,026	154,531
Supporting services:			
Board of education	22,400	26,100	23,373
Executive	328,247	355,323	343,989
Principal	276,029	293,562	266,725
Business	125,200	122,246	115,326
Operations	243,080	254,473	225,637
Transportation	28,392	27,006	26,443
Debt service	-	4,200	3,947
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>\$ 3,275,780</b>	<b>\$ 3,468,889</b>	<b>\$ 3,318,231</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ 526,370</b>	<b>\$ 754,380</b>	<b>\$ 1,008,778</b>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	\$ -	\$ 38,000	\$ 25,964
Operating transfers out	(507,000)	(534,036)	(522,184)
<b>Total other financing sources (uses)</b>	<b>\$ (507,000)</b>	<b>\$ (496,036)</b>	<b>\$ (496,220)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 19,370</b>	<b>\$ 258,344</b>	<b>\$ 512,558</b>
<b>Fund Balances - Beginning of year</b>	<b>1,128,249</b>	<b>1,128,249</b>	<b>1,128,249</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,147,619</b>	<b>\$ 1,386,593</b>	<b>\$ 1,640,807</b>

**OTHER SUPPLEMENTAL  
INFORMATION**

	<u>Special Revenue Fund</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Capital Projects Fund</u>	
<b>Assets</b>			
Cash and investments	\$ 28,106	\$ 28,646	\$ 56,752
Receivables	-	-	-
Due from other governmental units	-	-	-
Due from other governmental funds	-	-	-
Due from Agency Fund	-	-	-
<b>Total Assets</b>	<u>\$ 28,106</u>	<u>\$ 28,646</u>	<u>\$ 56,752</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and withholdings	-	-	-
Due to other governmental funds	-	-	-
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance</b>			
Unreserved and undesignated	\$ 28,106	\$ 28,646	\$ 56,752
<b>Total Liabilities and Fund Balance</b>	<u>\$ 28,106</u>	<u>\$ 28,646</u>	<u>\$ 56,752</u>

**COUNTRYSIDE ACADEMY**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u><b>Special Revenue Fund</b></u>		<b>Total Non-Major Governmental Funds</b>
	<u><b>Food Service Fund</b></u>	<u><b>Capital Projects Fund</b></u>	
<b>Revenues</b>			
Local sources	\$ 20,768	\$ -	\$ 20,768
State sources	4,959	-	4,959
Federal sources	133,800	-	133,800
Interdistrict sources	-	-	-
Earnings on investments	746	164	910
Miscellaneous	-	8,103	8,103
<b>Total Revenues</b>	<u>\$ 160,273</u>	<u>\$ 8,267</u>	<u>\$ 168,540</u>
<b>Expenditures</b>			
Current:			
Instruction and Instructional support services	\$ -	\$ -	\$ -
Supporting services	167,341	-	167,341
Debt service	-	-	-
Capital outlay	-	11,017	11,017
<b>Total Expenditures</b>	<u>\$ 167,341</u>	<u>\$ 11,017</u>	<u>\$ 178,358</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ (7,068)</u>	<u>\$ (2,750)</u>	<u>\$ (9,818)</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	\$ -	\$ 28,936	\$ 28,936
Operating transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ 28,936</u>	<u>\$ 28,936</u>
<b>Net Change in Fund Balances</b>	<u>\$ (7,068)</u>	<u>\$ 26,186</u>	<u>\$ 19,118</u>
<b>Fund Balances - Beginning of year</b>	35,174	2,460	37,634
<b>Fund Balances - End of year</b>	<u><u>\$ 28,106</u></u>	<u><u>\$ 28,646</u></u>	<u><u>\$ 56,752</u></u>